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SUBJECT: APOLITICAL PRO-BUSINESS NGO STUNTED BY GOB

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Summary

1. (SBU) At its annual congress on April 20, members of the Belarusian Union of Entrepreneurs and Employers, the most influential business association in the country, discussed factors diminishing the ability of the NGO to effectively promote the interests of its 162 member companies. The plight of a decidedly non-political organization highlights the widespread difficulties faced by those trying to develop civil society in Belarus. End summary.

General Sense of Pessimism Harms Business Association

2. (U) In his opening address to the 17th congress of the Belarusian Union of Entrepreneurs and Employers' (BUEE), attended by Deputy Pol/Econ Chief, Chairman Georgiy Badey revealed the association lost 21 members in the past year. He attributed the decline of over ten percent in membership primarily to pessimism. Even though the BUEE rightly bills itself as the strongest association of private businesses, the private business community no longer believes working openly with the government brings results, Badey said.

3. (U) A survey of 310 managers of small- and medium-sized enterprises carried out in February and March by the Institute for Privatization and Management (IPM) bears out Badey's thesis. Almost 40 percent of respondents said they consider organizations representing entrepreneurs unable to resolve problems facing business, up from 32 percent in a 2005 survey. Perhaps reflecting the lack of recent success stories, 38 percent said they did not know about business associations, an increase of 18 percent from 2005.

The Successful Few Strike Out on Their Own

4. (U) Viktor Khinevich, the General Director of the Borisovdetspetsprodukt ice cream plant said some large corporations left BUEE because the companies felt they could lobby independently for their own corporate interests. The IPM survey provides evidence to this effect, with 25 percent of managers stating they hope to resolve their problems independently, up from 17 percent in 2005.

Restrictions on Donations Limit Association's Capabilities

5. (U) Viktor Babariko of Belgazprombank complained that half of BUEE's membership dues, totaling just under USD 80,000

annually, went towards administrative expenses, including holding the congress. Badey noted regulations made accepting donations from foreign or domestic sources impractical. Moreover, the complicated mechanism for regulating prices does not allow companies to pass along the cost of association memberships to consumers. Babariko noted low staff salaries meant some of BUEE's best employees had left to work on UN projects in Minsk.

Comment: Government Control Suffocates Even Apolitical NGOs

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16. (SBU) While the BUEE's care to steer clear of political controversy might protect it from the government harassment other NGOs face (reftel), the organization still suffers from the overbearing presence of the state crippling civil society as a whole. With 80 percent of the economy in state hands, business associations will continue to have a difficult time building up a critical mass of members. Moreover, one can hardly fault business leaders for doubting that an undemocratic government will respond positively to ideas, however logical, put forward by civil society.  
Stewart